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LETTER DATED 22 FEBRUARY 1994 FROM THE SECRETARY-GENERAL ADDRESSED TO THE PRESIDENT OF THE SECURITY COUNCIL

I have the honour to refer to my letter of 23 December 1992 to the President of the Security Council (S/25085) in which I brought to the Council's attention some issues arising from the demarcation of the Iraq-Kuwait boundary. Among them was the matter of the Iraqi private citizens and their assets which remained on Kuwaiti territory and about which I had been in touch with the Governments of Iraq and Kuwait to determine how the United Nations might help to bring about a settlement. In a letter dated 8 January 1993, the President of the Council informed me that the members concurred with my general approach.

On 10 January 1993 I received a communication from the First Deputy Prime Minister, Minister for Foreign Affairs of Kuwait which informed me that the Iraqi citizens would not be permitted to remain in Kuwait but would be compensated for their private property and assets on the basis of an assessment by a neutral party nominated by the United Nations. On 1 March 1993 the Permanent Representative of Iraq responded to this suggestion by indicating that his authorities would "take no action that might tend to recognize the injustice deliberately inflicted on Iraq" but, at the same time, would "take no action that might provoke dispute or contention with the United Nations".

Encouraging developments have taken place for the resolution of this issue. All Iraqi nationals in the Umm Qasr area were relocated without disturbance to other dwellings in Iraq by the end of December 1993. Kuwait has permitted the Iraqi nationals in the Al-Abdaly farming area to remain there until the end of February to allow them time to harvest their crops; they are to be relocated to parcels of land in Iraq by 1 March 1994. I should like to take this opportunity to express my appreciation for the cooperation the Governments of Iraq and Kuwait have extended to the Force Commander of the United Nations Iraq-Kuwait Observation Mission (UNIKOM), who has been facilitating this effort which has thus far gone forward without disturbance.

As for the question of compensation, in accordance with an arrangement reached on 22 September 1993 between the United Nations and Kuwait related to the conditions under which the United Nations provides assistance in resolving the issue of compensation to Iraqi nationals located in Kuwait as a result of the demarcation of the boundary, Kuwait agreed to pay into a trust fund, which I would establish for the purpose, an amount of compensation that I would decide,

plus all costs and expenses incurred by the United Nations in connection with this effort. The money would be disbursed after I had made arrangements on the modalities of payment. However, should it not be possible to conclude payment arrangements to my satisfaction, it was also agreed that I would deposit the corresponding amount in an escrow account at the disposal of the beneficiaries. In that event, every effort would be made to inform the Iraqi nationals of the steps they should take to claim their compensation.

Following an assessment of the value of the private property and assets that was carried out by the independent contractor I appointed for the purpose, I have now decided that the total amount of the compensation shall be 56 million Iraqi dinars for 95 farms and 15.5 million Iraqi dinars for 206 residential houses. The Government of Kuwait has been officially informed of this decision. The amounts of individual payments will be determined in accordance with the recommendations of the contractor.

I trust the Council will concur with my view that the compensation payments would fall within the definition of "payments exclusively for strictly ... humanitarian purposes" provided for in paragraph 4 of Security Council resolution 661 (1990) as an exception to the general prohibition against the remittal of funds to persons or bodies within Iraq.

I should be grateful, Mr. President, if you would bring the contents of this letter to the attention of the members of the Security Council.

(Signed) Boutros BOUTROS-GHALI